HOUSING MARKET INFORMATION

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CANADA MORTGAGE AND HOUSING CORPORATION

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Canadian Market Overview

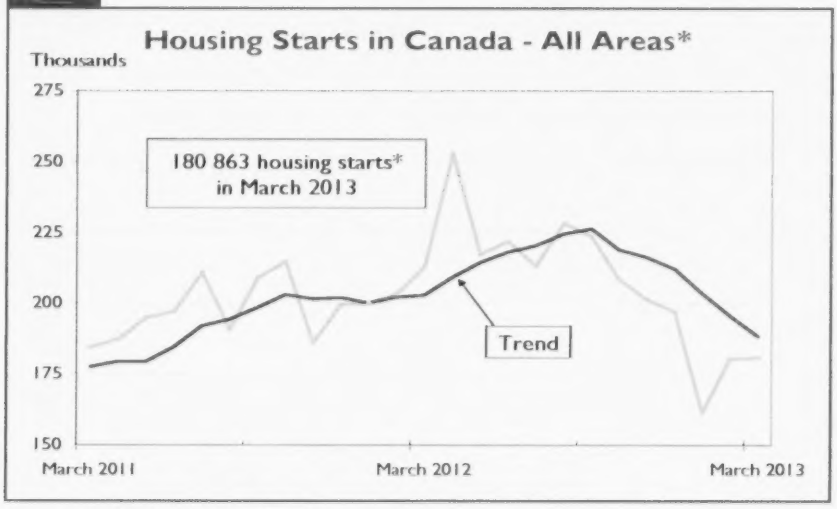
New Home Market

Housing starts in March

The number of housing starts was trending at 188,293 units in March[1]. The trend is a six-month moving average of the monthly seasonally adjusted annual rates (SAAR)[2].

The trend in total housing starts has been moderating since September 2012. The standalone monthly SAAR was 180,863 units in March, relatively unchanged from 180,503 units in February.

Figure 1



Source: CMHC; *seasonally adjusted at annual rates.

[1]CMHC uses the trend measure as a complement to the monthly SAAR of housing starts to account for considerable swings in monthly estimates and obtain a more complete picture of the state of the housing market. In some situations, analyzing only SAAR data can be misleading, as they are largely driven by the multiples segment, which can be quite volatile.

[2]All starts figures in this report are seasonally adjusted annual rates (SAAR) — that is, monthly figures are adjusted to remove normal seasonal variation and multiplied by 12 to reflect annual levels. By removing seasonal ups and downs, seasonal adjustment makes it possible to highlight the fundamental trends of a series. Reporting monthly figures at annual rates indicates the annual level of starts that would be obtained if the monthly pace was maintained for 12 months. This facilitates comparison of the current pace of activity to annual forecasts as well as to historical annual levels.

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Urban starts decreased in March

In Canada's urban centres[3], the seasonally adjusted annual rate of housing starts was 157,183 units in March. This was down from February (-2.7 per cent).

The seasonally adjusted annual rate of single starts declined by 6.5 per cent to 60,572 units, while the seasonally adjusted annual rate of multiple starts was essentially unchanged in March at 96,611 units as a result of a very slight 0.2 per cent decline from February.

In non-urban areas, the estimated seasonally adjusted annual rate of rural starts rose by 25.1 per cent to 23,680 units in March from 18,929 units in February.

Inventories of new and unoccupied units increased in March

Inventories of new and unoccupied housing units[4] increased in March, to 19,455 units from 19,034 units in February. Following two consecutive months of decline in January and February, inventories in March remained below the level of inventories registered in December 2012 (20,695 units), the most recent peak in the data.

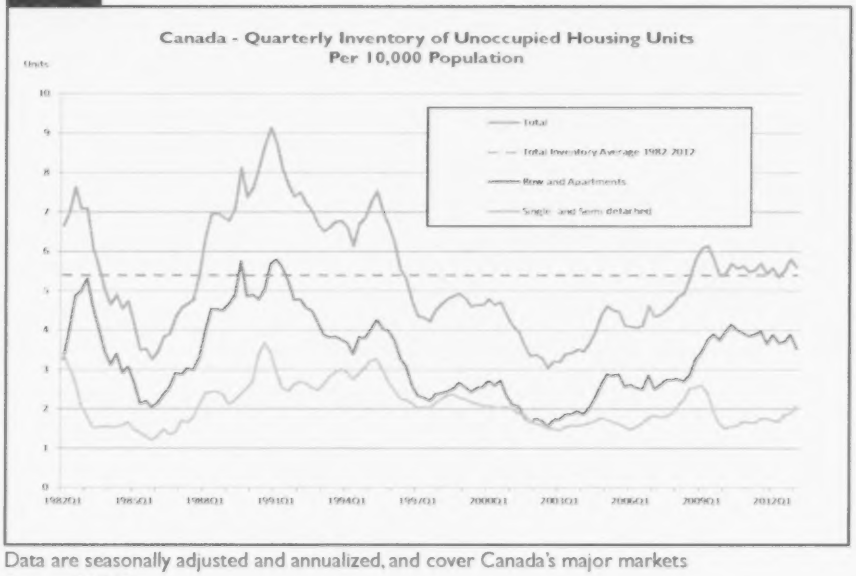
The inventory of new and unoccupied single- and semi-detached homes increased to 7,378 units in March from 7,117 units in February. As for row homes and apartments, the inventory of new and unoccupied units increased to 12,077 units in March from 11,917 units in February.

The ratio of the inventory of new and unoccupied units to population, a simple gauge of potential overbuilding, declined in the first quarter of 2013 to 5.6 from 5.8 in the fourth quarter of 2012. As a result, the ratio of the inventory of new and unoccupied units to population registered in the first quarter was very close to its historical average of 5.4.

Construction intentions for multi-family dwellings continue to trend down

The value of residential building permits for all dwellings declined by 7.2 per cent in February[5] from January. With the exception of January, the value of residential building permits has declined in seven of the last eight months. As a result of this downward trend, the average value of residential building permits so far in 2013 is 9.4 per cent below the corresponding year-to-date value in 2012.

Figure 2



Data are seasonally adjusted and annualized, and cover Canada's major markets
Source: CMHC
Last data point: 2013Q1.

[3] Urban centres are defined as centres with a population of at least 10,000. CMHC surveys urban centres with 10,000 to 49,999 inhabitants at the end of every quarter. Months that are not at the end of a quarter are estimates.

[4] The inventory of housing units is defined as the level of newly completed and unoccupied units. Units under construction are not taken into account in this inventory because some units under construction are pre-sold and units reach completion with widely-varying time lags - some as long as three or four years. The level of inventories discussed here is for urban centres with a population of over 50,000.

[5] Statistics Canada conducts a building permits survey among 2,400 municipalities. These permits measure construction intentions and can serve as indicators of future starts.

Construction intentions for multi-family dwellings, measured by value, decreased by 19.1 per cent in February from January. As was the case for total dwellings, the value of multi-family residential building permits has declined in seven of the last eight months, with January also being the exception. On the other hand, the value of permits for single-family dwellings registered a relatively small gain of 1.1 per cent from January, a second consecutive increase.

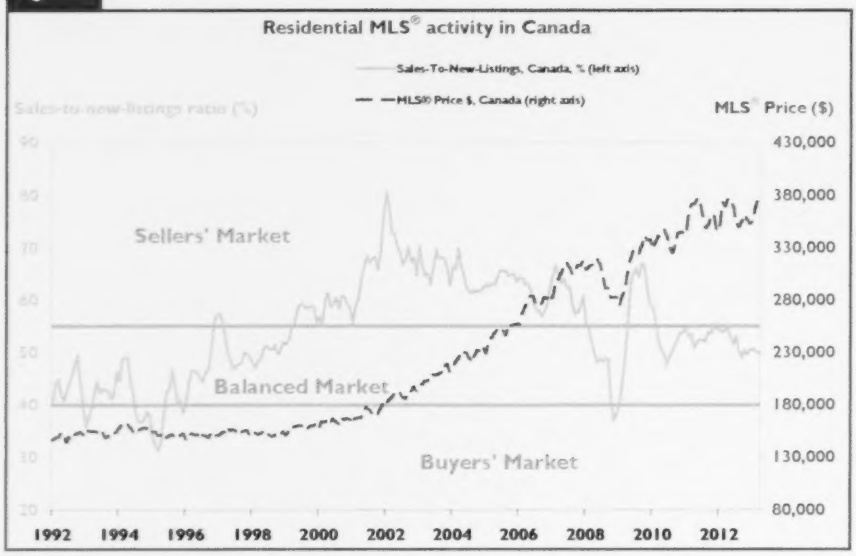
Municipalities across Canada issued permits for the construction of 168,800 new dwellings (annual rate) in February, down 12.0 per cent from January.

The decrease was mainly due a fall of 21.0 per cent in permits issued for the construction of multi-family dwellings, which declined to 90,400 units in February, while permits issued for single-family dwellings saw a relatively modest increase of 1.3 per cent, to 78,400 units.

New Housing Price Index growth remains stable

The NHPI rose by 2.1 per cent in February compared to the same month in 2012, following a similar increase the previous month. NHPI year-over-year growth has been stable since mid-2012, remaining within a range of 2.1 per cent to 2.4 per cent since May 2012.

Figure 3



Data are seasonally adjusted and annualized, and cover Canada's major markets
Sources: CMHC, Canadian Real Estate Association (CREA), MLS®
Last data point: 2013M03

Existing Home Market

MLS® new listings increase in March

The seasonally adjusted annual rate of Multiple Listing Service® (MLS®)[6] sales increased by 2.4 per cent to 433,524 units in March, from 423,564 units in February.

The seasonally adjusted annual rate of MLS® new listings in March was 869,556 units, for an increase of 3.2 per cent from 842,244 units in February.

Balanced market conditions continue in March

An indicator of price pressure in the existing home market is the sales-to-new listings ratio[7]. New listings are a gauge of the supply of existing homes, while MLS® sales are a proxy for demand.

The sales-to-new listings ratio remained in balanced market conditions in March, as the increase in new listings along with the decrease in MLS® sales brought the ratio down to 49.9 per cent in March, from 50.3 per cent in February. Market conditions have been balanced since November 2011.

[6]Multiple Listing Service (MLS®) is a registered trademark owned by the Canadian Real Estate Association.

[7]Taking the Canadian MLS® market as a whole, a sales-to-new-listings ratio below 40 per cent has historically accompanied prices that are rising at a rate that is less than inflation, a situation known as a buyers' market. A sales-to-new-listings ratio above 55 per cent is associated with a sellers' market. In a sellers' market, home prices generally rise more rapidly than overall inflation. When the sales-to-new-listings ratio is between these thresholds, the market is said to be balanced.

Resale market prices increase in March

The national seasonally adjusted average MLS® price increased by 1.0 per cent in March to $373,117 from $369,438 in February. The unadjusted average MLS® price increased by 2.5 per cent to $378,532 from $369,453 a year before.

The MLS® Home Price Index[8], which uses statistical techniques to control for changes over time in the types and quality of homes sold, rose by 2.2 per cent from March 2012 to March 2013 in the markets covered and by 1.0 per cent in March 2013 from the previous month, the second consecutive monthly increase.

Teranet-National Bank Composite House Price Index increase in March

Teranet–National Bank Composite House Price Index™, which also uses statistical techniques to control for changes in the types and quality of homes sold over time, posted a 0.4 per cent increase in March, following six consecutive monthly declines. The index showed a 2.6-per-cent increase over the previous year. These developments are consistent with the MLS® Home Price Index.

Economic conditions

According to Statistics Canada, employment decreased in March by 0.3 per cent from February, following a 0.3 per cent gain in February. As a result of the decline in employment in March, the unemployment rate increased to 7.2 per cent in March from 7.0 per cent in February.

When compared with the corresponding month in 2012, employment was up 1.2 per cent in March (+203,300 jobs), reflecting the general upward trend in monthly employment levels since December 2011. Most of the gains posted on a year-over-year basis were concentrated in full-time employment, which recorded an increase of 1.3 per cent (+180,000 jobs), while part-time employment registered a 0.7 per cent increase (+23,400 jobs)[9].

Statistics Canada's Consumer Price Index rose by 1.0 per cent in the 12 months to March, following an increase of 1.2 per cent in February. Core inflation, which excludes the eight most volatile items and the effect of changes in indirect taxes, rose by 1.4 per cent in the 12 months to March, matching the increase in February.

On April 17, the Bank of Canada announced that it would maintain the target for the overnight rate unchanged at 1.0 per cent. The Bank stated that *"With continued slack in the Canadian economy, the muted outlook for inflation, and the constructive evolution of imbalances in the household sector, the considerable monetary policy stimulus currently in place will likely remain appropriate for a period of time, after which some modest withdrawal will likely be required, consistent with achieving the 2 per cent inflation target."*

The five-year posted mortgage interest rate among chartered banks declined to 5.14 per cent in March from 5.24 per cent in February. The five-year posted mortgage rate has been relatively stable since June 2012.

The next interest rate announcement of the Governing Council of the Bank of Canada is scheduled to take place on May 29, 2013. ■

[8]The MLS® Home Price Index is based on single family, townhouse/row unit, and apartment unit sales activity in Greater Vancouver, the Fraser Valley, Calgary, Regina, Greater Toronto and Greater Montréal.

[9]The sum of part-time and full-time employment may not equal total employment due to rounding.

This Month's Housing Data (SAAR)

	2012	Q3:12	Q4:12	Q1:13	M01:13	M02:13	M03:13
Housing starts, units, 000s							
Canada. Total. All areas	**214.8**	**221.6**	**203.5**	**175.2**	**161.3**	**180.5**	**180.9**
Per cent change from previous period	10.8	-3.2	-8.2	-13.9	-18.1	11.9	0.2
Canada. Total. Rural areas	**21.3**	**22.2**	**21.6**	**17.1**	**21.5**	**18.9**	**23.7**
Per cent change from previous period	8.5	-0.8	-2.9	-21.1	12.6	-11.9	25.1
Canada. Total. Urban areas	**193.6**	**199.4**	**181.9**	**158.1**	**139.9**	**161.6**	**157.2**
Per cent change from previous period	11.0	-3.5	-8.8	-13.1	-21.4	15.5	-2.7
Canada. Single. Urban areas	**67.2**	**68.5**	**65.1**	**63.2**	**60.5**	**64.8**	**60.6**
Per cent change from previous period	0.1	0.8	-5.0	-2.9	-9.8	7.2	-6.5
Canada. Multiple. Urban areas	**126.4**	**130.9**	**116.8**	**94.9**	**79.4**	**96.8**	**96.6**
Per cent change from previous period	17.8	-5.5	-10.7	-18.8	-28.4	21.9	-0.2
Newfoundland. Total. All areas	**3.9**	**4.3**	**3.6**	**2.7**	**3.7**	**2.5**	**2.7**
Per cent change from previous period	11.4	6.6	-15.8	-25.2	-1.6	-32.0	7.9
Prince Edward Island. Total. All areas	**0.9**	**1.2**	**1.0**	**0.9**	**2.1**	**0.4**	**0.3**
Per cent change from previous period	0.1	6.0	-20.2	-6.7	70.5	-82.0	-17.1
Nova Scotia. Total. All areas	**4.5**	**5.4**	**5.2**	**4.7**	**7.8**	**1.5**	**5.0**
Per cent change from previous period	-2.6	45.3	-4.5	-10.1	148.7	-80.1	225.8
New Brunswick. Total. All areas	**3.3**	**3.4**	**2.9**	**3.6**	**3.3**	**3.5**	**1.5**
Per cent change from previous period	-4.4	-11.2	-13.1	22.3	45.8	4.6	-56.6
Quebec. Total. All areas	**47.4**	**48.6**	**45.1**	**35.4**	**31.3**	**38.9**	**37.3**
Per cent change from previous period	-2.1	-7.5	-7.1	-21.5	-25.5	24.3	-4.0
Ontario. Total. All areas	**76.7**	**78.7**	**69.3**	**56.4**	**44.9**	**64.2**	**54.8**
Per cent change from previous period	13.2	-3.8	-11.9	-18.6	-42.3	42.9	-14.6
Manitoba. Total. All areas	**7.2**	**8.3**	**6.4**	**6.8**	**5.7**	**5.6**	**10.8**
Per cent change from previous period	19.1	6.2	-22.4	6.1	22.1	-3.2	93.7
Saskatchewan. Total. All areas	**10.0**	**10.7**	**11.1**	**6.6**	**8.6**	**5.3**	**7.5**
Per cent change from previous period	41.8	11.9	3.2	-40.6	-13.8	-38.1	41.8
Alberta. Total. All areas	**33.4**	**32.4**	**34.5**	**33.9**	**30.9**	**35.3**	**34.9**
Per cent change from previous period	29.9	-8.4	6.5	-1.6	2.4	14.3	-1.1
British Columbia. Total. All areas	**27.5**	**28.7**	**24.5**	**24.2**	**23.1**	**23.4**	**26.0**
Per cent change from previous period	4.0	-1.9	-14.8	-1.1	5.0	1.1	11.1

SOURCE: CMHC, Starts and Completions Survey. All data are seasonally adjusted and annualized. This seasonally adjusted data goes through stages of revision at different times through the yearly cycle resulting in finalization of preliminary data. These revisions take place at the end of each month, quarter and year.

This Month's Housing Data, continued (SAAR)*

	2012	Q3:12	Q4:12	Q1:13	M01:13	M02:13	M03:13
Housing starts, units, 000s							
Canada. Total. Urban areas	193.6	199.4	181.9	158.1	139.9	161.6	157.2
Newfoundland. Total. Urban areas	2.5	2.7	2.3	1.7	1.9	1.7	1.8
Prince Edward Island. Total. Urban areas	0.7	0.9	0.6	0.7	1.5	0.3	0.3
Nova Scotia. Total. Urban areas	3.9	4.8	4.7	4.2	7.0	1.2	4.5
New Brunswick. Total. Urban areas	2.5	2.8	2.1	2.9	1.9	2.8	1.2
Quebec. Total. Urban areas	40.5	41.6	38.1	29.5	24.8	33.0	28.6
Ontario. Total. Urban areas	74.4	76.7	66.0	54.7	43.0	62.1	52.4
Manitoba. Total. Urban areas	4.9	5.9	4.1	5.0	3.5	3.9	7.5
Saskatchewan. Total. Urban areas	7.9	8.2	9.6	5.8	7.1	3.8	6.2
Alberta. Total. Urban areas	30.6	29.4	31.8	30.7	27.7	31.1	30.5
British Columbia. Total. Urban areas	25.5	26.3	22.8	22.9	21.4	21.6	24.4

SOURCE: CMHC, Starts & Completions Survey. All quarterly and monthly data are seasonally adjusted and annualized.This seasonally adjusted data goes through stages of revision at different times through the yearly cycle resulting in finalization of preliminary data. These revisions take place at the end of each month, quarter and year.

This Month's Major Housing Indicators

	2012	Q3:12	Q4:12	Q1:13	M01:13	M02:13	M03:13
New Housing							
New & unoccupied singles & semis, units 000s	6.8	6.1	6.8	7.4	6.9	7.1	7.4
Per cent change from same period previous year	9.0	6.7	9.0	21.8	13.4	13.0	21.8
New & unoccupied row & apartments, units 000s	13.9	12.7	13.9	12.1	12.4	11.9	12.1
Per cent change from same period previous year	7.8	-5.6	7.8	-8.0	-6.3	-9.3	-8.0
New House Price Index, 2007=100	108.0	108.3	108.8	n.a.	109.1	109.3	n.a.
Per cent change from same period previous year	2.3	2.3	2.3	n.a.	2.2	2.1	n.a.
Existing Housing							
MLS® resales*, units 000s	454.5	443.0	428.7	428.5	428.5	423.6	433.5
Per cent change from same period previous year	-1.2	-4.1	-10.4	-10.1	-9.2	-11.1	-9.9
MLS® average resale price, 000s**	363.4	360.4	361.5	368.5	362.9	369.4	373.1
Per cent change from same period previous year	0.3	-0.1	0.1	0.6	1.1	0.0	0.7
Mortgage Market							
Posted 1-Year Mortgage Rate, % (period average)	3.17	3.10	3.07	3.00	3.00	3.00	3.00
Posted 5-Year Mortgage Rate, % (period average)	5.27	5.24	5.24	5.21	5.24	5.24	5.14

SOURCE: CMHC, Statistics Canada, Bank of Canada, The Canadian Real Estate Association.

n.a. Figures not available.

* Annual data is actual. Quarterly and monthly data are seasonally adjusted and annualized (SAAR).

** Annual data is actual. Quarterly and monthly data is seasonally adjusted.

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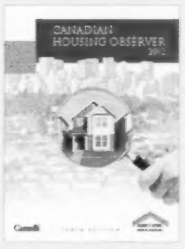

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